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SUBJECT: LULA, AMORIM DISCUSS CONTINUITY, IRAN, VENEZUELA
WITH SENATOR HAGEL

11. (SBU) Summary: During separate meetings with Senator Hagel, President Lula and Foreign Minister Amorim shared common views about the need for the next U.S. Administration to continue building on the remarkable progress achieved in the past several years in bringing the two countries closer. Both also focused their attention on Iran and Venezuela, stressing that it was necessary to engage Iran, while candidly indicating that it is the GOB,s hope to moderate Venezuelan President Chavez,s actions through the various integration mechanisms in South America. End summary.

12. (U) This cable is the first of five on Senator Hagel,s August 31-September 2 visit to Brasilia and Sao Paulo.

Bilateral Relationship Prospering

13. (SBU) In the midst of a just-breaking scandal involving the illegal wiretapping of high-level Brazilian government officials by the Brazilian Intelligence Agency (septel) that kept him in meetings all day, President Lula made time for what turned out to be a long, frank, and productive discussion with Senator Hagel focusing on the future of the bilateral relationship. President Lula forcefully stressed the need for continuity from the next U.S. administration with respect to the growing partnership between the two countries. President Lula remarked that he and President Bush have laid the groundwork that succeeding presidents in both countries can build on, adding that if he succeeds in getting his anointed successor elected, the progress achieved so far will continue and grow.

14. (SBU) Lula noted several areas in which the relationship could continue to expand. He stated, &we should have a U.S.-Brazil partnership on Africa,8 adding that Africa has much the same climate as Latin America in which to produce grain and biofuels. Africa is a prime opportunity for U.S.-Brazil cooperation on agricultural projects to help the world.

15. (SBU) He also noted, in response to a question on enhancing military-to-military ties, that there needed to be a real partnership, not just one where the United States dictates terms to Brazil, adding, &why did the U.S. prevent Brazil from selling Super Tucanos to Venezuela? All this did was to push Venezuela to purchase Russian aircraft.8 In his view, it is in the United States, and Brazil,s interest to keep Venezuela dependent on Brazil rather than the Russians.

Lula noted that Washington must show greater flexibility,8 in this area.

¶6. (SBU) Separately, in an unusually relaxed 75-minute meeting, Foreign Minister Celso Amorim told Senator Hagel that, in his view, the relationship between Brazil and the United States has prospered.8 The last six years, he said have seen a new engagement and a disposition for dialogue8 toward Brazil on the part of the United States. The fact that the United States is ready to listen to us -- even on the Middle East,8 has created a relationship of mutual respect,8 one that is very important8 and that we hope will be maintained.8

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Integration Key to Stability in South America
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¶7. (SBU) Regarding Latin America, Lula drew parallels between how Brazil,s neighbors look at Brazil and how the world looks at the United States. According to Lula, Brazil is seen by some as an imperialist8. Brazil,s approach is to focus on achieving partnerships, and to understand other leaders and help them. He drew on the example of Evo Morales, who Lula noted, is different8 and comes from a different background8. Lula added, we can,t dictate to Brazil,s smaller neighbors.8

¶8. (SBU) The United States needs a policy for Latin America and South America, Lula continued, that will help, in his words, change your image8. Our bilateral association on biofuels creates an important opportunity to increase

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development in third countries.

¶9. (SBU) In the meeting with Amorim, Senator Hagel asked him what he saw as the key challenges in Latin America. Restricting himself to South America, Amorim said that he felt there were no problems with regard to elections. There is a general tendency toward a deepening of democracy8 in the region, he said, citing Venezuelan President Chavez,s recent acceptance of the referendum results that did not favor him. Briefly touching on inequality as the region,s main challenge, Amorim went on to say that a day goes by8 without him worrying about conditions in Paraguay, Bolivia, and Ecuador. The GOB has been criticized, he said, for the patient8 and non-confrontational8 way in which it has dealt with problems with its neighbors. But he believes the best way for Brazil to address these problems is through greater integration. This is why they have invited Venezuela to join Mercosul, he said, and he ascribed Venezuela,s recent silence8 about the United States in part to Brazil,s efforts.

&Iran is not a problem8

¶10. (SBU) Asked about Iran, Lula stated that he did not see the country as a problem and noted that Brazil needs to talk to all countries. According to Lula, there appears to be much more talk and rhetoric8 than anything else on the part of Iran. He added, I am interested in visiting Iran...I don,t know if we can work together but I need to go to find out.8

¶11. (SBU) Amorim echoed similar thoughts, and added that Brazil has a trade surplus with Iran, and that its exports are mostly foodstuffs. (Note: Brazil exported \$1.8 billion to Iran in 2007 and imported about \$11 million. End note.) Amorim said Brazil has no major investments and no plans for any, and has shut off all trade banned by the UN. On the other hand, the GOB favors dialogue. He cited the recent meeting with the Iranian government in Geneva, with a senior U.S. representative in attendance, as a positive step. Amorim also said that, Brazil finds it difficult8 to

suggest that a country has no right to develop nuclear energy. He feels that bringing Iran back onto a &good track⁸ will require allowing them the prospect for developing nuclear capabilities. Senator Hagel agreed that engagement was essential. Amorim agreed with Ambassador Sobel,s point that it is important not to reward lack of respect for UN resolutions, but added that &engagement is not a reward.⁸ It all depends on what results from the engagement.

SOBEL